

APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER
OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE
STATE OF NEVADA HERETOFORE APPROPRIATED

Date of filing in State Engineer's Office NOV 30 1977

Returned to applicant for correction

Corrected application filed Map filed NOV 30 1977

The applicant McCulloch Properties, Inc.

P.O. Box 10075 of Reno
Street and No. or P.O. Box No. City or Town

Nevada 89510
State and Zip Code No.

hereby make application for permission to change the
point of diversion and place of use and manner of use

of water heretofore appropriated under a portion of Permit No. 23888

(Identify existing right by Permit, Certificate, Proof or Claim Nos. If Decreed, give title of Decree and identify right in Decree.)

1. The source of water is Underground well
Name of stream, lake or other source.
2. The amount of water to be changed 0.0305 cfs (8 acre feet)
Second feet, acre feet.
3. The water to be used for irrigation and domestic
If for stock state number and kind of animals.
4. The water heretofore used for irrigation
If for stock state number and kind of animals.
5. The water is to be diverted at the following point NW $\frac{1}{4}$ NE $\frac{1}{4}$ section 25, T22N, R20E, MDB&M,
from which the N $\frac{1}{4}$ corner of said Section 25 bears N. 41° 00' 54"
Describe as being within a 40-acre subdivision of public survey and by course and distance to a section corner. If on unsurveyed land, it should be
W., 829.27 feet
stated.
6. The existing point of diversion is located within SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 5, T22N., R21E., MDBM,
from which the SW corner of said Section 5 bears S. 65° 13' 05"
If point of diversion is not changed, do not answer.
W., 2755.53 feet.
7. Proposed place of use NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 25, T22N., R20E., MDBM, 2.0 acres to
Describe by legal subdivisions. If for irrigation state number of acres to be irrigated.
be irrigated
8. Existing place of use NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 8, T22N., R21E., MDBM, 2.0 acres
Describe by legal subdivisions. If presently used for irrigation, state number of acres irrigated.
being irrigated
9. Use will be from January 1 to December 31 of each year.
Day and Month Day and Month
10. Use has been from March 1 to October 31 of each year.
Day and Month Day and Month
11. Description of proposed works. (Under the provisions of NRS 535.010 you may be required to submit plans and
specifications of your diversion or storage works.) drilled well with pump and motor
State manner in which water is to be diverted, whether by dam or other works,
with sprinkler system.
whether through pipes, ditches, flumes, or other conduits.

12. Estimated cost of works.....10,000.....
13. Estimated time required to construct works.....1 year.....
14. Estimated time required to complete the application of water to beneficial use.....2 years.....
15. Remarks: For use other than irrigation or stock watering, state number and type of units to be served or annual consumptive use.

.....This application is being made in the name of McCulloch
Properties, Inc. for the Gariador Brothers, as per the
attached contract.

Compared.....lp/ga.....bl/bc.....Applicant.....McCulloch Properties, Inc.,

By.....s/.....Reece C. Harper
 Reece C. Harper (agent)
 P.O. Box 10075
 Reno, Nevada 89510

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit to change the point of diversion and place of use of a portion of the waters of an underground source as heretofore granted under Permit 23888, Certificate 8283 is issued subject to the terms and conditions imposed in said Permit 23888, Certificate 8283 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and a measuring device must be installed in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. If the well is flowing, a valve must be installed and maintained to prevent waste. This source is located within an area designated by the State Engineer pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

The total combined amount of water granted under this permit and Permit 23888, Certificate 8283 is limited to what the well covered under the two permits is capable of producing. If certificates of appropriation are issued under this permit and Permit 23888, Certificate 8283, the total combined amount of appropriation granted in said certificates shall not exceed what the well covered under the two permits is capable of producing.

The amount of water to be changed shall be limited to the amount which can be applied to beneficial use, and not to exceed.....0.0305.....cubic feet per second, but not to exceed a yearly duty of 4.0 acre-feet per acre of land irrigated from any and/or all sources.

Actual construction work shall begin on or before.....October 2, 1979.....

Proof of commencement of work shall be filed before.....November 2, 1979.....

Work must be prosecuted with reasonable diligence and be completed on or before.....October 2, 1980.....

Proof of completion of work shall be filed before.....November 2, 1980.....

Application of water to beneficial use shall be made on or before.....October 2, 1981.....

Proof of the application of water to beneficial use shall be filed on or before.....November 2, 1981.....

Map in support of proof of beneficial use shall be filed on or before.....November 2, 1981.....

Commencement of work filed.....SEP 28 1979.....
 Completion of work filed.....SEP 28 1979.....
 Proof of beneficial use filed.....DEC 1 1981.....
 Cultural map filed.....DEC 1 1981.....
 Certificate No. 10495 Issued.....DEC 13 1982.....
 Recorded.....Bk.....Page.....

IN TESTIMONY WHEREOF, I, WILLIAM J. NEWMAN
 State Engineer of Nevada, have hereunto set my hand and the seal of
 my office, this 2nd day of APRIL

A.D. 1979

William J. Newman
 State Engineer

TERMS AND CONDITIONS

1. In accordance with a Real Estate Purchase Agreement and Escrow Instructions and Promissory Note secured by a recorded Deed of Trust, Buyer is purchasing from Seller a certain parcel of land located within the Palomino Valley General Improvement District. Any cash deposit or downpayment received hereunder shall be forthwith delivered to and held by CATTLEMEN'S TITLE GUARANTEE COMPANY hereby designated by Seller and Buyer as Escrow Agent. By signing this Agreement, Buyer hereby irrevocably instructs Escrow Agent to retain this money until the Deed to Buyer has been recorded as provided in said Real Estate Purchase Agreement and Escrow Instructions and immediately thereafter such funds and monies shall be disbursed to and become the property of the Seller and its assigns.

2. All subsequent payments hereunder shall be made payable to McCulloch Properties, Inc. or designee at P.O. Box 29621, Phoenix, Arizona 85038, or such other address as may hereafter be designated. If any payment required hereunder is not made when due and without waiving any rights or remedies of Seller therefor, the Buyer agrees to pay a late-payment charge, not to exceed \$2.50 for each delinquency, which Seller may impose for special handling.

3. On or after January 1, 1981, upon written request from the Buyer, Seller shall convey the title to said water rights to Buyer, provided all the following conditions have been satisfied:

- a. This agreement has been paid in full and all the terms and conditions herein have been satisfied and are not in default; and
- b. The Buyer has paid 35% of the principal purchase price of his property under the aforementioned Real Estate Purchase Agreement and Escrow Instructions and Promissory Note and is in good standing and not in default under his Deed of Trust; and
- c. Buyer at his cost applies in the name of the Seller for a change of point of diversion and place of use to his property, puts the water to beneficial use and qualifies the water rights permit for a certificate from the Nevada State Water Engineer. Seller will convey the water rights to the Buyer simultaneously with the issuance of said certificate and thereby said water rights shall be appurtenant to Buyer's property.

4. During the time when Buyer is purchasing water rights and prior to their conveyance to Buyer, Seller shall have the right to use said water rights without payment of any compensation to Buyer. In consideration of this right granted to Seller, Seller will keep said water rights current in accordance with the present laws of the State of Nevada. If, subsequent to December 31, 1985, Buyer has paid the full purchase price for his water rights and 35% or more of the principal purchase price of his property and is then current and not otherwise in default but has not put the water to beneficial use and has not received a water rights certificate, Seller shall nevertheless have the right to convey said water rights to Buyer. However, by December 31, 1990, if Buyer is in good standing and not then in default of any documents or agreements referred to in Paragraph 9 hereof, Seller will convey said water rights to Buyer or his assignee. Buyer acknowledges it is Buyer's obligation to then comply with the rules and regulations of the State of Nevada with respect to the certificating of said water rights for use on said property and failing to do so Buyer's interest in said water rights may be subject to termination by the State of Nevada. Seller's obligation to keep said water rights current in accordance with this paragraph shall terminate upon Seller's conveyance of said water rights to Buyer.

5. If Buyer has received a conveyance of said water rights or if Buyer is in good standing and not in default, and subject to first obtaining the express written consent of the Seller, and further subject to all legal requirements regarding transfer of water rights, the Buyer may convey said water rights or assign this agreement and the rights hereunder but only to property owners or purchasers of property within the boundaries of Palomino Valley General Improvement District, for use thereon. The provisions of this paragraph shall expire on December 31, 1990. Seller's conveyance of all water rights to Buyer shall be subject to the restrictions set forth in this paragraph.

6. Buyer agrees to pay for all costs and expenses which may be incurred in connection with obtaining the conveyance and use of said water rights.

7. Seller shall pay all taxes levied or assessed against the water rights, if any, until such time as said water rights are conveyed to Buyer.

8. Seller makes no representation, warranty, or guarantee of the availability, quantity or quality of the water.

9. Time is of the essence of this agreement. No waiver by Seller of a breach or default of any covenant or condition hereof shall be construed as a waiver of any succeeding breach or default thereof. Seller's remedies hereunder shall be cumulative. No tender or offer of performance by Seller shall be a condition precedent to its right to exercise any right, option or privilege hereunder. It is mutually agreed that any default, at any time, of the terms of said Real Estate Purchase Agreement and Escrow Instructions, Promissory Note, Deed of Trust or any of the documents relating thereto, shall constitute a default of this agreement and any default of this agreement shall constitute a default of the aforesaid agreements and documents. Buyer further agrees said Deed of Trust and Promissory Note are additional security for the Buyer's payments and performance of this agreement.

10. Should Buyer fail to make any payment when due or to perform timely any covenant or condition hereof, Seller, without limiting any other right or remedy at law or in equity and in addition thereto may (a) obtain specific performance, (b) terminate all of Buyer's rights hereunder and thereby reacquire all or any of Buyer's right, title and interest in and to said water rights. Termination by Seller shall be subject to the expiration of a default period of 30 days pursuant to written notice thereof mailed to Buyer in accordance with Paragraph 11 hereof. Failure by Buyer to remedy such default or breach within said 30 day notice period shall constitute a termination of this agreement. Buyer agrees upon such termination to forfeit to Seller as liquidated damages all payments made hereunder and all right, title and interest of Buyer in and to said water rights and forthwith to surrender to Seller peaceable possession thereof and Buyer shall cooperate with Seller and execute any and all necessary documents to reinstate good title and use of said water rights in Seller. Buyer will pay all costs and expenses incurred by Seller to enforce or terminate this agreement, including reasonable attorney's fees and all court costs, if any.

11. Notice to Buyer shall be deemed as properly given when mailed postage prepaid, via regular mail to Buyer's address as appears on the records of Seller. Buyer will timely notify Seller in writing of any changes of address.

12. This agreement shall be construed under the laws of the State of Nevada.

13. This agreement shall be binding upon and inure to the benefit of, as the case may be, (subject to the terms of this agreement regarding assignment or sale), the heirs, devisees, administrators, executors, successors and assigns of each of the parties hereto.

AGREEMENT TO PURCHASE AND SELL WATER RIGHTS

McCULLOCH PROPERTIES, INC., a Delaware corporation, herein called "Seller" and ~~JEAN BAPTISTE GARIADOR AND FRANK GARIADOR~~ Doing Business as ~~GARIADOR BROTHERS, A Nevada Partnership~~ as Joint tenants with right of survivorship.

herein (whether one or more) called "Buyer" agree as follows:

Buyer agrees to purchase from Seller and Seller agrees to sell to Buyer, but expressly subject to Federal, State, County and local laws, ordinances, rules and regulations now in effect and as the same may later be established or amended, and for the amounts and upon the terms and conditions herein set forth, the following described water rights. Seller retains a security interest consisting of the title to said water rights and use of said water in accordance with this agreement.

Eight (8) acre feet of water rights.

1. Cash price	\$ 1,656.00
2. Cash downpayment	\$ 1,656.00
3. Unpaid principal balance (amount financed)	\$ N/A
4. FINANCE CHARGE (line 6 less line 3)	\$ N/A
5. Deferred payment price (line 1 plus line 4)	\$ N/A
6. Total of payments (line 3 plus line 4)	\$ N/A
7. ANNUAL PERCENTAGE RATE	N/A %

The unpaid balance is payable by Buyer to Seller at P.O. Box 29622, Phoenix, Az.
N/A payments of \$ N/A or more commencing on or before the N/A day of N/A, 19 , and on or before the same date of each successive calendar month thereafter with interest on all unpaid principal from the date hereof until paid in full at an ANNUAL PERCENTAGE RATE OF N/A %. Interest is to be first deducted from each regular monthly payment and the balance to be applied upon the then unpaid principal.

The terms and conditions following the signatures and as set forth on the reverse side hereof are an integral part of this agreement.

Seller:

McCULLOCH PROPERTIES, INC.
18002 Pyramid Lake Road, Reno, Nevada 89501

by Area-West Incorporated, Agent

BY Ruby Spector Thorne
Authorized Officer
Buyer: GARIADOR BROTHERS

BY Jean B. Gariador; Frank Gariador
Jean B. Gariador; Frank Gariador

Address: 3322 Mill St., Reno, NV 89502

Telephone Number (702) 322-0972

Date of Agreement February 9, 1977